

Flash Note

Tuesday, February 28, 2023



Oil & Gas Exploration Companies

Pakistan Oilfields Limited (POL)

Earnings: Pakistan Oilfields Limited (POL) announced its 2QFY23 result. The Company reported 2QFY23 unconsolidated earnings of PKR 5.95bn (EPS PKR 20.97), up by +5%y/y compared to PKR 5.67bn (EPS PKR 19.96) in the similar period last year. On a quarterly basis, profitability is down by 29%y/y. This brings total 1HFY23 profitability to PKR 14.35bn (EPS PKR 50.57), up by +31%y/y.

Dividend/Payout: The Company announced a cash dividend of PKR 20.0/share along with the result.

Operating Performance: During the period under review, POL reported a +11%y/y increase in revenue during 2QFY23 on the back of a rise in average oil prices and PKR depreciation against the greenback despite lower production. However, earnings growth was limited by higher operating, amortization and exploration cost. Exploration cost increased by +8.8x/y to PKR 0.95bn during 2QFY23 likely owing to higher prospecting expense. Operating expenses increased by +42%y/y to PKR 3.08bn during 2QFY23 compared to PKR 2.18bn in the same period last year. Other income declined by +4%y/y during 2QFY23 likely owing to exchange loss despite higher interest income. On a quarterly basis, earnings dropped by 29%y/y mainly due to higher operating expense, lower production and lower other income. Effective tax stood at 36.0% during 2QFY23 (1QFY23: 18.0%) compared to 36.1% in the same period last year bringing total effective tax rate for 1HFY23 to 26.6% compared to 32.9% in the corresponding period last year.

Exhibit: POL Financial Highlights - Unconsolidated								
For the period 2QFY23								
PKRmn	2QFY23	2QFY22	y/y	1QFY23	q/q	1HFY23	1HFY22	y/y
Net Sales	14,021	12,610	11%	15,976	-12%	29,998	23,687	27%
Operating Costs	3,084	2,178	42%	2,109	46%	5,193	4,192	24%
Royalty	1,557	1,315	18%	1,774	-12%	3,331	2,488	34%
Amortization of D&D Cost	1,003	627	60%	503	99%	1,506	1,401	8%
Gross Profit	8,378	8,489	-1%	11,589	-28%	19,967	15,605	28%
Exploration Costs	954	108	8.8x	4,526	-79%	5,480	559	9.8x
Administration Expenses	55	55	-1%	124	-56%	179	121	47%
Finance Cost	(486)	935	n/m	2,835	n/m	2,349	2,397	-2%
Other Income	2,104	2,018	4%	6,635	-68%	8,739	4,718	85%
PBT	9,297	8,869	5%	10,246	-9%	19,544	16,290	20%
PAT	5,954	5,665	5%	8,400	-29%	14,353	10,923	31%
EPS (PKR)	20.97	19.96		29.59		50.57	38.48	
DPS (PKR)	20.00	20.00		-		20.00	20.00	
Source: IGI Research, PSX						No of Shares: 283.86mn		

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